

## Message Text

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ORIGIN EA-10

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FM SECSTATE WASHDC

TO USDEL SECRETARY PRIORITY

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E.O. 11652:N/A

TAGS:OVIP JA (MIKI, TAKEO)

SUBJECT:MIKI VISIT BOOK BRIEFING PAPER: PROPOSED MONETARY  
SUMMIT MEETING

1. FOLLOWING IS AN ADDITIONAL BRIEFING PAPER ENTITLED  
"PROPOSAL FOR MONETARY SUMMIT MEETING" FOR THE MIKI VISIT  
BOOK TO BE INSERTED AT A NEW TAB 0 IN THE ISSUES AND TALKING  
POINTS PAPERS SECTION OF BOOK:

2. BACKGROUND:

FRENCH PRESIDENT GISCARD D'ESTAING HAS RECENTLY CALLED FOR  
AN EARLY SUMMIT MEETING OF THE "BIG FIVE" INDUSTRIAL  
COUNTRIES TO RESOLVE THE MAJOR MONETARY ISSUES NOW HOLDING  
UP AGREEMENT ON A PACKAGE OF IMF AMENDMENTS AND QUOTA IN-  
CREASES. GISCARD ARGUES THAT THE PRESENT INTERNATIONAL  
MONETARY ARRANGEMENTS ARE AT THE ROOT OF CURRENT ECONOMIC  
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DIFFICULTIES. HOWEVER, WE HAVE RECEIVED NO FORMAL PRO-

POSAL FOR A SUMMIT MEETING.

THE FRENCH POSITION -- IN FAVOR OF A PROMPT RETURN TO A FIXED EXCHANGE RATE SYSTEM AND A MAJOR MONETARY ROLE FOR GOLD -- HAS LEFT THEM IN RELATIVE ISOLATION IN THE MINISTERIAL-LEVEL IMF INTERIM COMMITTEE, AND GISCARD'S STRATEGY APPEARS TO BE TO MAXIMIZE HIS NEGOTIATING LEVERAGE AT A SUMMIT MEETING WHERE THERE IS PRESSURE FOR FAST RESULTS. SO FAR HIS CALL FOR A MONETARY SUMMIT HAS NOT RECEIVED A VERY POSITIVE RESPONSE FROM OTHER EUROPEANS, ALTHOUGH CHANCELLOR SCHMIDT HAS SUPPORTED SUMMIT DISCUSSIONS ON MORE GENERAL ECONOMIC CONDITIONS.

3. JAPANESE POSITION:

SO FAR THE JAPANESE HAVE NOT TAKEN A STRONG POSITION ON THE SUMMIT PROPOSAL. MIKI IS REPORTED TO HAVE EXPRESSED A READINESS TO TAKE PART IN A SUMMIT, IN PARTICULAR ON ANTI-RECESSION STRATEGY. HOWEVER, WE HAVE BEEN INFORMED THAT THEY WOULD NOT BE ABLE TO PARTICIPATE IN A SUMMIT UNTIL AT LEAST LATE IN THE YEAR.

4. U.S. POSITION:

WE BELIEVE THAT, WITH THE PRESENT AD HOC ARRANGEMENTS WORKING SATISFACTORILY, A GOOD MONETARY AGREEMENT IS MUCH MORE IMPORTANT THAN A QUICK ONE. THE ISSUES INVOLVED ARE ALSO RATHER TECHNICAL IN NATURE. THEREFORE, WE DO NOT BELIEVE IT DESIRABLE TO ESCALATE MONETARY NEGOTIATIONS ABOVE THE PRESENT MINISTERIAL LEVEL. WE BELIEVE IT MIGHT BE USEFUL TO HOLD DISCUSSIONS ON GENERAL ECONOMIC CONDITIONS.

5. YOUR TALKING POINTS (IF ASKED):

-- THE PRESENT INFORMAL FLOATING EXCHANGE-RATE ARRANGEMENTS SEEM TO BE WORKING ADEQUATELY, SO A GOOD MONETARY AGREEMENT SEEMS MUCH MORE IMPORTANT THAN A FAST ONE.

-- WE BELIEVE IT MIGHT BE USEFUL TO HOLD DISCUSSIONS ON LIMITED OFFICIAL USE

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GENERAL ECONOMIC CONDITIONS, FOR EXAMPLE TO REVIEW STRATEGY FOR COMBATING RECESSION AND INFLATION.

-- HOWEVER, WITH THE TECHNICAL ISSUES INVOLVED IN THE MONETARY AREA IT SEEMS BEST TO LEAVE NEGOTIATIONS ON MONETARY REFORM IN THE IMF INTERIM COMMITTEE. INGERSOLL

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## Message Attributes

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**Channel Indicators:** n/a  
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**TAGS:** OVIP, EFIN, JA, (MIKI, TAKEO)  
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